



OFFICE *of*
INSPECTOR GENERAL
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UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

Native American Programs CARES Act and ARP Block Grants

Office of Public and Indian Housing

Washington, DC | 2023-LA-0003

January 20, 2023

Date: January 20, 2023

To: Heidi J. Frechette
Deputy Assistant Secretary, Office of Native American Programs, PN

//signed//

From: Kilah S. White
Assistant Inspector General for Audit, GA

Subject: Review of Drawdown Levels and Publicly Available Information on the Office of Native American Programs' CARES Act and ARP Act Block Grants

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of drawdown levels for the Office of Native American Program's Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan (ARP) Act, including a review of publicly available information.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, appendix 8M, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Tanya E. Schulze, Audit Director, at (213) 534 - 2471.

Highlights

REVIEW OF DRAWDOWN LEVELS AND PUBLICLY AVAILABLE INFORMATION ON THE OFFICE OF NATIVE AMERICAN PROGRAMS' CARES ACT AND ARP ACT BLOCK GRANTS | 2023-LA-0003

What We Audited and Why

We audited the U.S. Department of Housing and Urban Development (HUD), Office of Native American Programs' (ONAP) Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan (ARP) Act to identify drawdown levels for its block grant programs and assessed information ONAP made publicly available.

ONAP was allocated supplemental funding totaling more than \$1 billion under the CARES Act that was signed into law March 27, 2020, and the ARP Act that was signed into law March 11, 2021, to prevent, prepare for, and respond to the coronavirus disease of 2019 (COVID-19). The CARES Act funds are to remain available for allocation until September 30, 2024, and the ARP Act funds are to remain available for allocation until September 30, 2025.

What We Found

As of October 4, 2022, grantees had drawn \$231.6 million of the \$300 million in CARES Act block grant funds and \$135.8 million of the \$735 million in ARP Act block grant funds. A total of \$19.1 million of the appropriated funds was not authorized for access to grantees because grantees opted not to apply for funding, declined to accept funding after it was awarded, or were still in the approval process. The remaining undrawn funds could be the result of unique challenges faced by each grantee or the remaining time left to expend the funds. However, most grantees had an approved plan in place to spend the funds, and the Indian Housing Block Grant-ARP funds without a plan will be reallocated by ONAP to other grantees with specific needs under the Indian Community Development Block Grant (ICDBG)-ARP program. ONAP stated that it would continue to monitor congressional legislation and will reallocate the remaining IHBG-CARES funding if a statutory fix to allow reallocation to the ICDBG-ARP gets enacted into law.

In addition, ONAP updated grantees and the public concerning its CARES Act and ARP Act block grant funds through PIH notices, guidance, training, and frequently asked questions. As a result, the grantees and other stakeholders were generally informed of the program requirements and which grantees received funding. In addition, we noted a less significant matter regarding the publishing of award information which we communicated to ONAP in a separate memorandum.

What We Recommend

There are no recommendations in this report.

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Background and Objective

In 1996, the Native American Housing Assistance and Self Determination Act (NAHASDA) reorganized the system of housing assistance provided to Native Americans through the U.S. Department of Housing and Urban Development (HUD) by eliminating several separate programs of assistance and replacing them with a block grant program. HUD's Office of Native American Programs (ONAP) administers the housing and community development programs that benefit American Indian and Alaska Native tribal governments, tribal members, the Department of Hawaiian Home Lands (DHHL), Native Hawaiians, and other Native American organizations.

ONAP receives annual funding under the Native American Block Grants program, also known as the Indian Housing Block Grant (IHBG); Native Hawaiian Housing Block Grant (NHHBG); and Indian Community Development Block Grant (ICDBG). Funds appropriated by Congress for the IHBG program are made available to eligible grantees through a formula. The formula has four components, and the governing regulations can be found at 24 Code of Federal Regulations (CFR) part 1000. The NHHBG program is appropriated to the DHHL through an annual grant. The ICDBG program is application based.

ONAP was allocated supplemental funding under these programs from the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was signed into law March 27, 2020, and the American Rescue Plan (ARP) Act that was signed into law March 11, 2021, to prevent, prepare for, and respond to the coronavirus disease of 2019 (COVID-19). The IHBG allocations were awarded using a percentage of the annual formula; NHHBG was awarded to the sole grantee, DHHL; and the ICDBG-CARES funds were generally awarded on a first come, first served basis, with award ceilings based on the amount of IHBG-CARES or -ARP funding received. The CARES Act funds are to remain available for allocation until September 30, 2024, and the ARP Act funds are to remain available for allocation until September 30, 2025.

Funding type	Amount	Funding type	Amount
IHBG-CARES	\$ 200 million	IHBG-ARP	\$ 450 million
ICDBG-CARES	100 million	ICDBG-ARP	280 million
NHHBG-CARES	-	NHHBG-ARP	5 million
Technical assistance	-	Technical assistance	10 million
Other costs (administrative)	-	Other costs (administrative)	5 million
Total ONAP-CARES funding	300 million	Total ONAP-ARP funding	750 million
Total funding combined	1.05 billion		

Eligible activities include costs to maintain normal operations and funding for eligible NAHASDA activities (IHBG-CARES and -ARP and NHHBG-ARP); cover or reimburse costs incurred by the recipient with non-Federal funds that were otherwise eligible under the CARES or ARP Act (IHBG-CARES and -ARP and NHHBG-ARP); and reduce or mitigate short-, medium-, and long-term risks and vulnerabilities of COVID-19 (all ONAP CARES and ARP block grants).

In addition, the CARES Act and ARP Act allowed the HUD Secretary to waive or specify alternative requirements for any provision of any statute or regulation upon a finding that any such waivers or

alternative requirements were necessary to expedite or facilitate the use of such amounts to prevent, prepare for, and respond to COVID-19. ONAP implemented various waivers for all COVID-19 funds. To access the funding, grantees use HUD's Line of Credit Control System¹ (LOCCS). Grantees did not have access to the funding until there were fully executed grant agreements in place and approved in LOCCS. The process that the grantees needed to follow to receive the funding for each grant is shown in the figure 1 below.

Figure 1 – CARES and ARP process

IHBG-CARES and IHBG-ARP	NHHBG-ARP	ICDBG-CARES	ICDBG-ARP
Grantees were required to submit an abbreviated Indian housing plan (IHP) to ONAP, regardless of whether the grantee had a previously approved IHP.	The sole grantee, DHHL, was required to submit an abbreviated Native Hawaiian Housing Plan (NHHHP) to ONAP.	ONAP began accepting applications on June 1, 2020, via the ICDBGCARES@hud.gov email only.	ICDBG-ARP was awarded in three phases:
ONAP reviewed the abbreviated IHP and, if found in compliance, emailed the grantee an award letter and grant agreement package to sign and return via email.	ONAP reviewed the abbreviated NHHHP and, if found in compliance, emailed the grantee an award letter and grant agreement package to sign and return via email.	ONAP reviewed completed applications and determined whether to fund the application. ONAP awarded grants on a first-come, first-served basis. If approved, ONAP sent an approval letter and grantee agreement by email	Phase one – included unfunded ICDBG-CARES applicants awards. Phase two (two tiers) – first come, first served. The first tier included grantees that did not receive an ICDBG-CARES award and were not on the phase one priority list. Tier two includes grantees that did receive an ICDBG-CARES award. ONAP accepted applications from September 3 to October 18, 2021. Phase three awarded the remaining funding to grantees that applied after the phase two application deadline.
Grants were made available to draw down from LOCCS as soon as a fully executed grant agreement was returned and processed by ONAP.	Grants were made available to draw down from LOCCS as soon as a fully executed grant agreement was returned and processed by ONAP.	Grants were made available to draw down from LOCCS as soon as a fully executed grant agreement was returned and processed by ONAP.	For approved applications, ONAP sent an approval letter and grant agreement by email. Grants were made available to draw down from LOCCS when a grant agreement was returned and processed by ONAP.

The objective was to identify HUD's ONAP CARES Act and ARP Act drawdown levels for its block grant funding and assess information ONAP made publicly available. This audit report communicates the results of our work to address the objective. We issued a separate memorandum to ONAP to communicate other less significant matters related to publishing award information.

¹ LOCCS is HUD's primary grant disbursement system, handling disbursements for most HUD programs.

Results of Audit

FINDING 1: GRANTEES HAD MADE PROGRESS IN DRAWING CARES ACT AND ARP ACT BLOCK GRANT FUNDS

As of October 4, 2022, more than \$367.5 million in CARES Act and ARP Act funds had been drawn from the total \$1 billion appropriated to the block grants. This amount represents 77.2 percent of the appropriated CARES Act funding and 18.5 percent of the ARP Act funding. The remaining block grant unexpended balance is \$667.5 million, which could be the result of unique challenges faced by each grantee or the remaining time left to expend the funds². Most grantees had a HUD approved plan in place to spend funds which specify how they will carry out activities or projects that meet the requirements of the CARES and ARP Act. In addition, we noted that a total of \$19.1 million in CARES and ARP block grant funds, representing 0.9 percent of CARES Act funding and 2.2 percent of ARP Act funding, had not been authorized in LOCCS as of October 4, 2022. According to ONAP, funds may be unauthorized because grantees opted not to apply for funding, declined to accept funding after it was awarded, or were still in the approval process.. As a result, the grantees could not draw funds without additional action and this funding remained unused.

Drawdown Levels for CARES Act and ARP Act Block Grant Funds

As of October 4, 2022, grantees had drawn a majority of the CARES Act block grant funds approximately two and a half years after the passage of the CARES Act. For ARP block grant funds, grantees drew only 18.5 percent of the total funds appropriated, approximately 19 months after the passage of the ARP Act. (See table 1 below.)

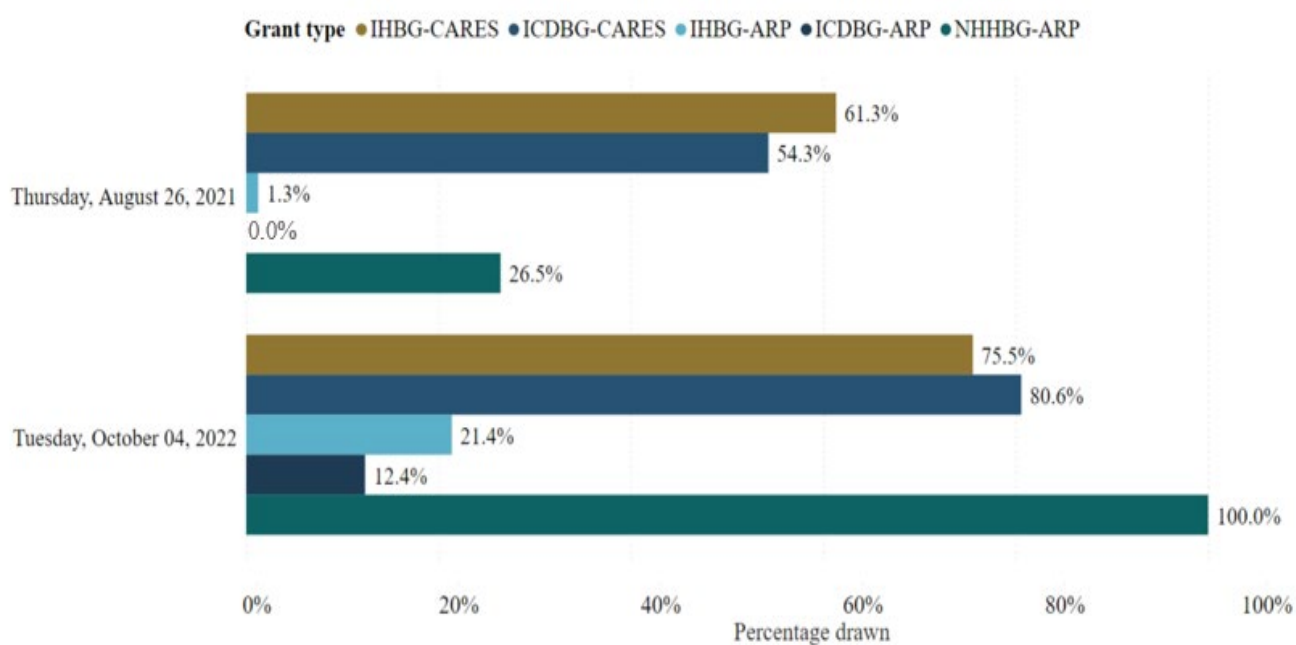
Table 1: CARES Act and ARP Act funding levels

Grant type	Appropriation	Total drawn	Appropriation balance	Percentage of appropriation drawn
IHBG-CARES	\$ 200,000,000	\$ 151,069,476	\$ 48,930,524	75.5 %
ICDBG-CARES	100,000,000	80,566,704	19,433,296	80.6
Total CARES Act	300,000,000	231,636,180	68,363,820	77.2
IHBG-ARP	450,000,000	96,199,603	353,800,397	21.4
ICDBG-ARP	280,000,000	34,617,476	245,382,524	12.4
NHHBG-ARP	5,000,000	5,000,000	0	100
Total ARP Act	735,000,000	135,817,079	599,182,921	18.5
Total	1,035,000,000	367,453,259	667,546,741	35.5

² OIG initiated a separate assignment in August 2022 to review challenges faced by grantees when spending ONAP CARES Act and ARP Act funds.

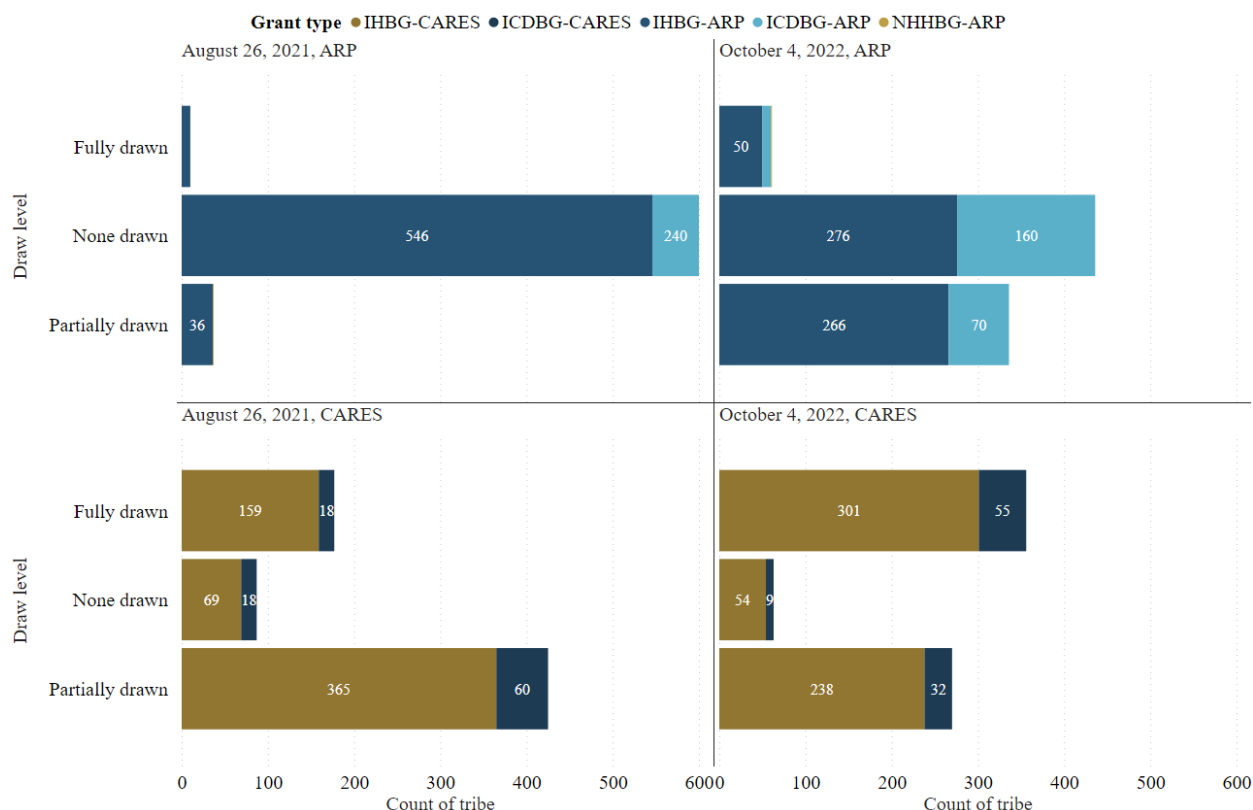
We compared the drawdown levels as of August 26, 2021, and October 4, 2022, and found that the CARES Act and ARP Act block grants had an increase in drawn funds for all grants (see figure 2 below). We also noted a decrease in the number of grantees that had not drawn funds (see figure 3 below). Although the rate of increase in drawn amounts was 17.7 percent during this period and a number of grantees had not drawn any funds, most grantees had approved plans in place that specify the activities or projects that meet the CARES and ARP Act requirements. Further, ONAP has between two and three years remaining to allocate funds by the statutory due dates of September 30, 2024, and September 30, 2025, respectively with an additional five years for the grantees to expend the funds. The remaining unused funds could be the result of unique challenges faced by each grantee.³

Figure 2: Percentage of funds drawn by date



³ OIG initiated a separate assignment in August 2022 to review challenges faced by grantees when spending ONAP CARES Act and ARP Act funds.

Figure 3: Change in allocations and awards drawn



Authorization Levels for CARES Act and ARP Act Block Grant Funds

Once the grantee and ONAP have a fully executed grant agreement in place, ONAP then authorizes the funds in HUD's Line of Credit Control System (LOCCS) so the grantee can start drawing the funds. A grantee may have been allocated or awarded funds and opted not to accept the funding leaving it unauthorized in LOCCS. As of October 4, 2022, there were 89 CARES Act and ARP Act block grant allocations and awards with more than \$19.1 million in funds that did not have authorized amounts in LOCCS (see table 2 below). \$16.3 million of the \$19.1 million was unauthorized ARP Act funds, which represents 2.2 percent of the total ARP Act block grant appropriation. The remaining unauthorized amount of more than \$2.8 million represents just 0.9 percent of the total CARES Act block grant appropriation. As a result, the grantees could not draw funds without additional action and the funds remained unused.

The unauthorized amount did not change from August 26, 2021, to October 4, 2022, for the IHBG-CARES funds, which indicated that the grantee opted not to apply for funding, or the grantee did not submit an abbreviated IHP. However,

- All IHBG-ARP funds had a deadline of July 5, 2022, to submit an abbreviated IHP to accept the funds according to Office of Public and Indian Housing (PIH) Notice PIH-2022-13. Any funds not accepted by that date would be reallocated to the ICDBG-ARP program. ONAP had not published the reallocated funds as of August 4, 2022.

- ONAP stated that it would continue to monitor congressional legislation and will reallocate the remaining IHBG-CARES funding if a statutory fix to allow reallocation to the ICDBG-ARP gets enacted into law.
- All of the ICDBG-CARES and most of the initial ICDBG-ARP funds had been awarded to the grantees and only needed to be authorized by ONAP in LOCCS unless the grantee opted not to accept the award.

Table 2: CARES Act and ARP Act awards without authorized amounts

Funding type	Allocation or awards without authorized amounts	Allocation or award amount not authorized
IHBG-CARES	41	\$ 2,040,517
ICDBG-CARES	1	800,000
IHBG-ARP	45	14,237,007
ICDBG-ARP	2	2,070,000
Totals	89	19,147,524

Conclusion

As of October 4, 2022, grantees had drawn \$231.6 million of the \$300 million in appropriated CARES Act block grant funds and \$135.8 million of the \$735 million in appropriated ARP Act block grant funds. In addition, \$19.1 million had not been authorized in LOCCS as of October 4, 2022. Although the remaining unexpended balance is \$667.5 million and some grantees were not authorized for access to grantees because grantees opted not to apply for funding, declined to accept funding after it was awarded, or were still in the approval process, most grantees had a HUD approved plan in place that specify the activities or projects that meet the CARES and ARP Act requirements. For the IHBG-ARP funds without a plan, ONAP plans to award the funds to grantees that have expressed a need for additional funding. In addition, ONAP stated that it would continue to monitor congressional legislation and will reallocate the remaining IHBG-CARES funding if a statutory fix to allow reallocation to the ICDBG-ARP gets enacted into law.

As a followup to this review, we initiated a more in-depth audit in August 2022 to determine the challenges that grantees face in implementing and using ONAP CARES Act and ARP Act funding. That audit was still ongoing at the time this report was issued.

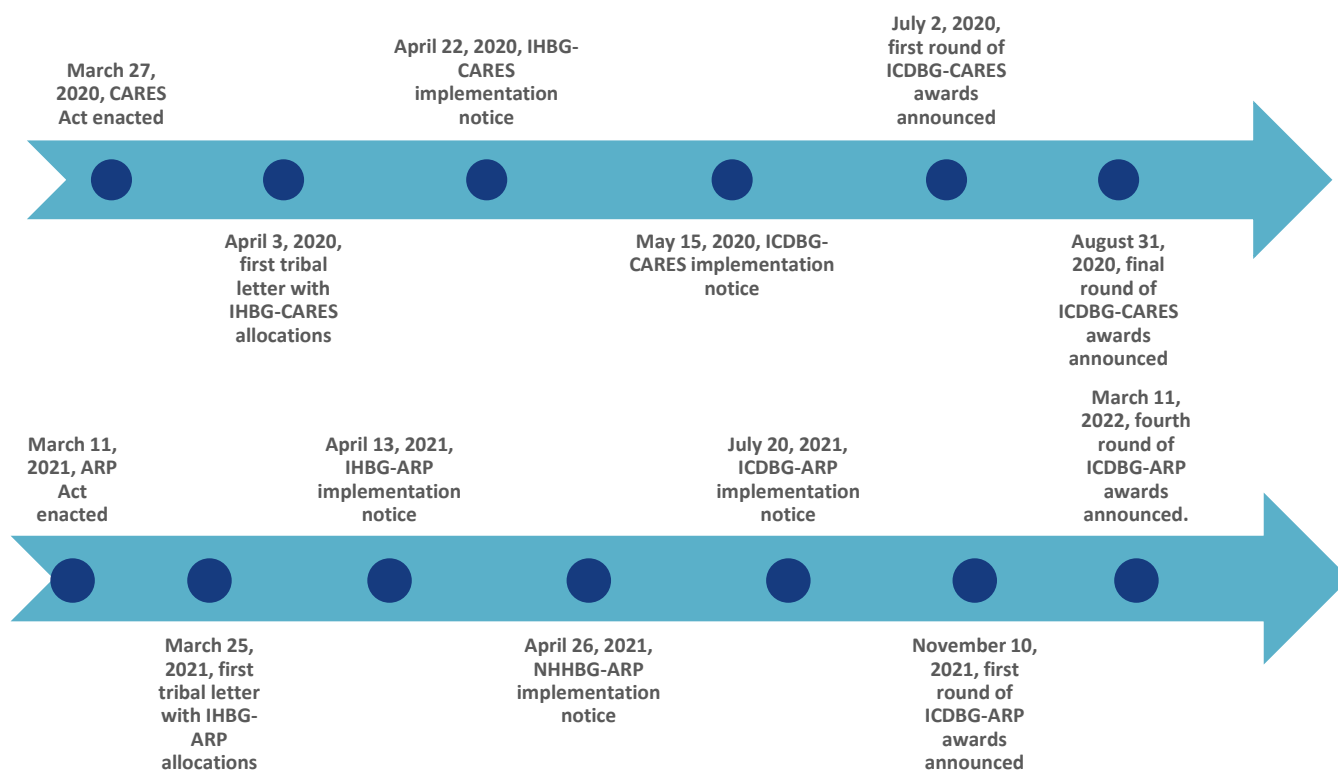
FINDING 2: ONAP UPDATED GRANTEES AND THE PUBLIC CONCERNING ITS CARES ACT AND ARP ACT BLOCK GRANT FUNDS

Overall, ONAP's COVID-19 recovery website was well organized and contained valuable information related to the CARES Act and ARP Act. ONAP updated grantees and the public concerning its CARES Act and ARP Act block grant funds through PIH notices, guidance, training, and frequently asked questions. As a result, the grantees and other stakeholders were generally informed of the program requirements and which grantees received funding.

Information Published by ONAP on CARES Act and ARP Act Funds

ONAP's public website was well organized and contained valuable information related to its grant programs authorized under the CARES and ARP Acts, including allocations and awards for its block grants, PIH notices, guidance, training, and frequently asked questions. ONAP published communications with grantees to get funds out quickly within the requirements of tribal consultations required when drafting policy that have tribal implications. See the general timelines in figure 4 below.

Figure 4: CARES Act and ARP Act timelines



ONAP also had conference calls and posted training webinars throughout the process for its CARES Act and ARP Act block grant programs. This was a proactive way for ONAP to disseminate the information to get the requirements out to grantees quickly. Although there was no training posted for NHHBG-ARP, there was only one grantee.

Conclusion

ONAP generally updated grantees and the public concerning its CARES Act and ARP Act block grant funds through PIH notices, guidance, training, and frequently asked questions. As a result, the grantees and other stakeholders were generally informed of the program requirements and which grantees received funding.⁴

⁴ A separate memorandum was issued to ONAP to discuss potential areas of best practice when publishing award information.

Scope and Methodology

We conducted the review remotely from October 2020 to October 2022. The financial portion of the review covered the period August 2021 to October 2022, based on the dates on which we obtained data. To accomplish our review, we identified a universe of 593 grantees with a combined total of \$200 million for the IHBG-CARES funds allocated on April 3, 2020, with 96 of those grantees also receiving ICDBG-CARES funds totaling \$100 million. In addition, we identified a universe of 592 grantees with a combined total of \$450 million for IHBG-ARP funds allocated on March 25, 2021, with 240 of those grantees also receiving ICDBG-ARP funds totaling approximately \$280 million and 1 grantee receiving \$5 million for NHHBG-ARP.

We relied on computer-processed data in HUD's LOCCS and Financial Data Mart⁵. We performed adequate testing to find the data sufficiently reliable to meet our objective. We checked available balances⁶ and drawdown amounts in LOCCS and the Financial Datamart for all allocations and awards. The drawdown data were obtained from the Financial Datamart on August 26, 2021, and October 4, 2022. In addition, we reviewed HUD's ONAP website to identify information it had published concerning COVID-19 funding.

In planning and performing our review, our objective was to (1) highlight the grantees' drawdown levels for both CARES and ARP Act block grant funding and (2) assess information ONAP made publicly available on COVID-19 funding. Our objective was not to provide assurance of ONAP's internal controls over grantees' drawdown levels of CARES and ARP Act funds or information posted by ONAP. Therefore, we did not assess ONAP's controls or express an opinion on them. We reviewed and compared the various information on ONAP's websites; published guidance; and information in HUD's systems, such as LOCCS and the Financial Datamart.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

⁵ HUD uses the Financial Data Mart as a centralized repository to collect financial assistance data, namely grants and subsidies, from program grants management offices for financial assistance broker submission reporting.

⁶ Grant funds are available for use upon execution of the grant agreement between ONAP and the grantee.

Appendixes



APPENDIX A - AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation – Auditee Comments

Ref to OIG
Evaluation

Auditee Comments

Comment 1

 OFFICE OF PUBLIC AND INDIAN HOUSING	<p>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT WASHINGTON, DC 20410-5000</p> <p>November 7, 2022</p> <p>MEMORANDUM FOR: Tanya E. Schulze, Audit Director, 9DGA</p> <p>FROM:  Heidi J. Frechette, Deputy Assistant Secretary, Office of Native American Programs, PN</p> <p>SUBJECT: Office of Native American Programs Response to the HUD Office of Inspector General discussion draft audit entitled: "Review of Drawdown Levels and Publicly Available Information on the Office of Native American Programs' CARES Act and ARP Act Block Grants" (2023-LA-XXXX)"</p> <p>Thank you for the opportunity to review the discussion draft memorandum, entitled "Review of Drawdown Levels and Publicly Available Information on the Office of Native American Programs' CARES Act and ARP Act Block Grants." After review of the draft report, our office would like to offer the following comments clarifying aspects of the draft report.</p> <p><u>Funding summarized as "not authorized for access to grantees."</u></p> <p>In the Executive Summary, under Findings, the Office of Inspector General (OIG) makes the following statement:</p> <p>A total of \$19.1 million of the appropriated funds was not authorized for access to grantees for various reasons, such as the grantee declining the funds or where the grant stood in the approval process.</p> <p>The Office of Native American Programs (ONAP) believes the phrase "not authorized for access to grantees" gives the wrong impression of the status of the \$19,147,524 in funding unobligated by October 4, 2022, when OIG closed its review of the funding. It suggests that ONAP is denying access to funding to entities that have been awarded a grant. ONAP is doing no such thing. As explained below, an entity is not a "grantee" until the award process is completed, and a grant agreement is fully executed. Moreover, as also explained below, \$8,824,807 of the \$19,147,524 were unobligated on October 4, 2022, because 41 Tribes allocated CARES funding and 36 Tribes allocated ARP funding opted not to accept the funding allocated to them by voluntarily not submitting an Abbreviated Indian Housing Plan (AIHP). Accordingly, this \$19.1 million had not been assigned as of October 4, 2022, to "grantees" for various reasons, none of which include a denial of access to funding for any entity awarded a grant. Therefore, ONAP requests that OIG provide the breakdown of the \$19,147,524 as explained below and replace the questionable language, "not authorized for access to grantees," with something more appropriately related to the facts.</p> <p>www.hud.gov cspanol.hud.gov</p>
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Ref to OIG Evaluation

Comment 1

2

As OIG points out in “Figure 1 – CARES and ARP process,” the essential process for each of the four programs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan (ARP) Act is that the would-be recipient submits an AIHP in order to claim funding allocated to it through a formula in the Indian Housing Block Grant (IHBG) programs or an application to have funding awarded in the Indian Community Development Block Grant (ICDBG) programs. ONAP then reviews the AIHP or ICDBG Application. If the AIHP complies or the ICDBG Application is approved, ONAP then sends the grantee an award letter and grant agreement package to sign and return via email. As soon as a fully executed grant agreement is returned and processed by ONAP, grant funds are made available to draw down from the Line of Credit Control System (LOCCS). To be clear, even though CARES and ARP IHBG funding is allocated to every eligible Tribe after the allocation formula is run, the funding allocated to a particular Tribe is not obligated and made available in LOCCS to that Tribe or its Tribally Designated Housing Entity (TDHE) unless the Tribe or its TDHE, on behalf of the Tribe or a group of Tribes, submits a compliant AIHP. Not every Tribe or TDHE chose to apply for their allocation of IHBG funding. Moreover, when OIG reviews the funding allocations to the eligible Tribes on CodeTalk, those allocations do not always reflect that one or more allocatee Tribes therein listed may have designated a TDHE to submit an AIHP and receive the grant on their behalf.

Based on this process, ONAP would like to provide OIG a breakdown of the approximately \$19.1 million OIG asserts was “not authorized for access to grantees” to more appropriately illustrate the status of the funding:

IHBG-CARES

OIG asserts that of the \$200,000,000 allocated for IHBG-CARES, \$2,040,517 in funding is “not authorized for access to grantees.” The entirety of this amount has not been awarded and remains unobligated because the 41 Tribes that the OIG identified as allocated the funding have opted not to accept IHBG-CARES grant funding allocated to them by voluntarily not submitting an AIHP. The CARES Act provides no practical way to re-allocate these funds. The total amount of these unclaimed grant funds is relatively small in relation to the 595 Tribes eligible to participate in the IHBG-CARES program. So, reallocating this amount using the IHBG allocation formula, as required under the CARES Act, would result in all Tribes receiving a *de minimis* amount of additional IHBG-CARES funding. Consequently, the same 41 Tribes, plus many others that would find the *de minimis* amount of additional funding not worth the effort, would likely opt not to accept funding and not submit an AIHP.

Recent congressional appropriations bills have included a statutory fix to allow HUD to efficiently award this remaining small amount of IHBG-CARES funding for additional ICDBG-ARP grants because the ICDBG-ARP program remains oversubscribed and available appropriations were insufficient to fully fund all fundable applications that were submitted to HUD by Tribes. See Section 233 of the General Provisions in the Department of Housing and Urban Development Appropriations Act, 2023 ([H.R. 8294](#)). HUD will continue to monitor all congressional legislation and will reallocate the remaining amount of IHBG-CARES funding should this fix be ultimately enacted into law.

Ref to OIG
Evaluation

Comment 1

3

ICDBG-CARES

OIG asserts that of the \$100,000,000 appropriated for ICDBG-CARES, \$800,000 is “not authorized for access to grantees.” This amount of unassigned appropriated funds is the result of a single Tribe, the La Jolla Band of Luiseno Indians, voluntarily returning the unused funding when it could not secure a contractor for a planned Emergency Operations Center and the costs of material rose too high to make the project viable within budget. Like the small amount of remaining IHBG-CARES funding, this amount of remaining unobligated ICDBG-CARES funding will be reallocated to fund additional ICDBG-ARP grants should a statutory fix be enacted allowing HUD to reallocate these funds for that purpose, as is currently proposed in the Department of Housing and Urban Development Appropriations Act, 2023.

IHBG-ARP

OIG asserts that of the \$450,000,000 appropriated for IHBG-ARP, \$14,237,007 is “not authorized for access to grantees.” Of this amount, \$6,784,290 has not been awarded and remains unobligated because 36 of the 45 Tribes that the OIG identified as allocated the funding have opted not to accept IHBG-ARP grant funding allocated to them by voluntarily not submitting an AIHP. HUD set a final deadline of September 30, 2022, for all remaining Tribes to apply for their allocated IHBG-ARP funding. Pursuant to the ARP Act, any amounts that are not accepted by a Tribe may be reallocated by HUD to fund additional ICDBG-ARP grants. Now that the deadline has passed, these unclaimed IHBG-ARP funds will be reallocated once HUD completes its due diligence to fund the large pipeline of fundable ICDBG-ARP grants, as provided in the ARP Act.

Another \$7,273,801 of the \$450,000,000 appropriated for IHBG-ARP will be awarded or have been awarded since October 4, 2022, to 7 grantees upon grant agreement execution. The remaining amount (\$178,916) was allocated to two Tribes that submitted AIHPs prior to the September 30th deadline but were non-compliant. However, the Area ONAP staff are working with the allocatee Tribes to bring them into compliance.

ICDBG-ARP

OIG asserts that of the \$280,000,000 appropriated for ICDBG-ARP, \$2,070,000 is “not authorized for access to grantees.” Of this amount, \$1,035,000 was awarded to the Sac and Fox Tribe of Mississippi in Iowa that declined its award after its application was approved. This has since been awarded to the Coushatta Tribe of Louisiana but is still in the process of being made available in LOCCS. The \$1,035,000 awarded to the Sac and Fox Tribe of Mississippi in Iowa will be reallocated once HUD completes its due diligence to fund the large pipeline for fundable ICDBG-ARP grants.

This breakdown of the \$19,147,524 more appropriately illustrates the status of the funding OIG asserts was “not authorized for access to grantees” on October 4, 2022. ONAP requests that it be included in the body of the final report and that the phrase “not authorized for access to grantees” and the first paragraph of the “Findings” section of the Executive Summary be revised as follows to more appropriately reflect the status of this COVID relief funding without giving the

Ref to OIG
Evaluation

Comment 1

impression that ONAP is denying access to funding to entities that have been awarded a grant:

As of October 4, 2022, grantees had drawn \$231.6 million of the \$300.0 million in CARES Act block grant funds and \$135.8 million of the \$735.0 million in ARP Act block grant funds. A total of \$8,824,807 of the appropriated funds for the Indian Housing Block Grant (IHBG) COVID programs remains unobligated because some Tribes allocated funding have opted not to accept it by voluntarily not submitting Indian Housing Plans. ONAP will reallocate \$6,784,290 of the IHBG-ARP funds without a plan to other grantees with specific needs under the Indian Community Development Block Grant (ICDBG)-ARP program in accordance with the ARP Act. ONAP currently plans to also reallocate under the ICDBG-ARP program the other \$2,040,517 of IHBG-CARES funds without a plan should the Congress authorize HUD to reallocate funding in this manner. Another \$1,835,000 in awarded ICDBG funding was voluntarily returned to HUD by two grantees and will likely be reallocated as described above. And finally, another \$8,487,717 of awarded funding was not yet accessible to the 10 awardees because of where the grants stood in the approval process at the time OIG closed its review on October 4, 2022. The remaining undrawn funds could be the result of unique challenges faced by each grantee or the remaining time left to expend the funds. However, most grantees had an approved plan in place to spend the funds.

Finding 2: ONAP had inconsistencies in public information on Funds

OIG found “the information provided to the public for specific activities under the ICDBG-CARES program did not have the same level of transparency as that provided under the ICDBG-ARP program and grantees and other stakeholders were not informed of available funding and services.” OIG concluded that “ONAP could improve its communications with grantees and the public if it published planned activities for the ICDBG-CARES program.”

As alluded to in the draft report, the variation of information provided to the public for specific activities under the ICDBG-CARES program was less than that provided under the ICDBG-ARP program because ONAP’s priority, in the early days of the pandemic, was to quickly and efficiently implement the CARES Act programs to ensure that the ICDBG, as well as the IHBG, funds reached the grantees as soon as possible, but also with adequate instruction on how they could be utilized in accordance with the CARES Act. Then, as now, there was no requirement that ONAP post detailed descriptions of the projects that would be carried out by the grant awards on its website, CodeTalk. Nonetheless, ONAP advised the public of the amounts awarded and identified the grantees to which they were awarded.

When the ARP Act was enacted with essentially the same requirements as the CARES Act, many of the tools developed by ONAP when awarding the CARES Act funding were in place. Accordingly, ONAP had more time to focus on fine-tuning the process, including adding a short description of the planned project in the ICDBG-ARP grant announcements to the public. Thus, this finding is recognizing that ONAP has improved its communication of award description between the two COVID relief programs but penalizes ONAP for doing so by making a negative finding for doing so.

Ref to OIG
Evaluation

Comment 3

5

ONAP believes the facts of this matter do not warrant such a finding under Section 3-2 of HUD Handbook 2000.06, REV-4, and requests that OIG remove it in the final report. HUD Handbook 2000.06 provides the following criteria with respect to findings:

Audit findings in internal audit reports relate to problem areas dealing with weaknesses in financial controls, important non-compliance with Departmental or legal requirements, inefficient or uneconomical operations, and ineffective program operations. Audit recommendations are suggestions to overcome the identified weaknesses. Recommendations shall be monitored and reported on by Departmental managers until final action is completed (See Chapter 5).

In this case, the ICDBG-CARES grant descriptions did not relate to a “weakness in financial controls.” Nor did they relate an “important non-compliance with Departmental or legal requirements.” And the ICDBG-CARES grant descriptions are not an example of “inefficient or uneconomical operations,” or an example of “ineffective program operations.” Outside of OIG, ONAP has not received a single complaint about how it voluntarily posted the descriptions of ICDBG-CARES awards compared to ICDBG-ARP awards. In fact, OIG acknowledges that ONAP’s public website is “well organized and contained valuable information related to its grant programs authorized under the CARES and ARP Acts, including allocations and awards for its block grants, PIH notices, guidance, training, and frequently asked questions.”

Comment 4

Because of ONAP’s COVID-19 recovery programs website, grantees and other stakeholders were highly informed of “available funding and services.” Notice PIH-2020-11, the [ICDBG-CARES Implementation Notice](#), provided specific examples of eligible activities (pp. 12-14). This Implementation Notice was followed by Notice PIH-2021-22, the [ICDBG-ARP Implementation Notice](#), which expanded (pp. 16- 19) on those specific examples of eligible activities based on what we learned through ICDBG-CARES. ONAP also developed 44 pages of [Frequently Asked Questions](#), and many hours of trainings that are available online, all of which heavily addressed eligible activities, “available funding and services” under both the ICDBG-CARES and ICDBG-ARP programs.

Grantees and other stakeholders were abundantly “informed of available funding and services.” Accordingly, because the facts do not support the conclusion of the finding that “grantees and other stakeholders were not informed of available funding and services,” and the facts do not support such a finding under HUD Handbook 2000.06, REV-4, ONAP requests that Finding 2 and its correlating recommendations be removed from the final report.

ONAP appreciates the OIG’s recommendations and shares the OIG’s goal of ensuring that programs are not only effective, but also transparent. However, draft Finding 2 in the draft audit does not meet the criteria for a finding. We respectfully request that the final audit be revised to remove this finding.

Comment 5

Thank you again for affording ONAP the opportunity to comment and for your continued partnership. If you have any questions, please do not hesitate to contact Gary A. Nemec, Director of the Office of Grants Evaluation at 202.402.2988.

OIG Evaluation of Auditee Comments

Comment 1	We agree additional language could aid the reader in understanding the process and what is meant by the term “unauthorized.” We agree with ONAP that it was not denying access to funding. The intent was to report out on the status of the entirety of the funding. We moved some of the background language and provided additional information in that section of the report to ensure the reader is clear on the process the grantees and ONAP must follow before the funds get authorized in the system. We did not include the breakdown of each allocation and award that did not have authorized funds in the body of the report because we did not validate this information. However, it is available to the public in ONAP’s auditee comments included in this appendix.
Comment 2	Based on ONAP’s feedback and our evaluation of the significance of the issue, we removed the issue concerning the lack of information published for the specific activities under the ICDBG-CARES Act awards and communicated this issue in a separate memorandum to management. We acknowledge that ONAP has made improvements from the information posted from the time the ICDBG-CARES Act awards were published to when the ICDBG-ARP awards were published.
Comment 3	Although it is not required for ONAP to post the specific activities, it is a best practice as shown by the level of information provided with its annual ICDBG funds and the ICDBG-ARP funds. As stated in comment 2, we removed the issue concerning the lack of information published for the specific activities under the ICDBG-CARES awards and communicated this issue in a separate memorandum to ONAP management.
Comment 4	ONAP did provide the general details of eligible funds and where the funding went as well as other additional information, but a short description of how the funding was used for ICDBG-CARES was not provided reducing the transparency of that specific funding. As stated in comment 2, we removed the issue concerning the lack of information published for the specific activities under the ICDBG-CARES awards and communicated this issue in a separate memorandum to ONAP management.
Comment 5	We acknowledge ONAP’s comments and appreciate ONAP’s partnership and cooperation during the audit.